

Message Text

CONFIDENTIAL

PAGE 01 STATE 058303
ORIGIN EA-12

INFO OCT-01 ISO-00 ONY-00 /013 R

DRAFTED BY EA/EP:STAFF:LRR
APPROVED BY EA/EP:RWARNE
DESIRED DISTRIBUTION
EA ONLY

-----010306 080058Z /65

R 072151Z MAR 78
FM SECSTATE WASHDC
TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

C O N F I D E N T I A L STATE 058303

STADIS/////////
NO DISTRIBUTION OUTSIDE EA; PASS USADB FOR AMBASSADOR ONLY

E.O. 11652: GDS

TAGS: EGEN, ECON, XC, XE, XP

SUBJECT: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT
MARCH 7, 1978

1. US-ASEAN CONSULTATIONS (CONFIDENTIAL)

WE HAD TWO REPLIES SO FAR TO OUR REQUEST TO EMBASSIES TO FOLLOW UP ON YOUR FEBRUARY 17 LUNCHEON DISCUSSION WITH THE ASEAN AMBASSADORS ON THE NATURE AND LEVEL OF REPRESENTATION OF THE NEXT US-ASEAN MEETING. PHILIPPINE UNDERSECRETARY INGLES SEEMS SYMPATHETIC AND ACCEPTED AID MEMOIRE FOR PASSING TO ROMULO. SINGAPORE MFA POLITICAL DIVISION DIRECTOR TAN BOON SENG REPLIED THAT SINGAPORE HAD NO OBJECTION TO MINISTERIAL LEVEL MEETING AND WAS SO INFORMING AMBASSADOR COOMARASWAMY IN WASHINGTON. TAN DID THINK, HOWEVER, THAT END OF JULY WOULD BE TOO SOON FOR A MINIS-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 058303

TERIAL MEETING BECAUSE OF INSUFFICIENT TIME FOR ADEQUATE PREPARATION.

2. POSTPONEMENT OF ASEAN MEETINGS (LIMITED OFFICIAL USE)

THE ASEAN ECONOMIC MINISTERS MEETING HAS BEEN POSTPONED UNTIL APRIL OR MAY BECAUSE OF THE UPCOMING INDONESIAN AND

PHILIPPINE ELECTIONS. EMBASSY JAKARTA REPORTS THAT ASEAN

MOMENTUM HAS TEMPORARILY SLACKENED SOMEWHAT BECAUSE OF RECENT POSTPONEMENTS. ASEAN SECRETARIAT OFFICIALS ADD THAT THIRD COUNTRY DIALOGUES ARE NOT GOING WELL BECAUSE OF A LACK OF OVERALL DIRECTION. NO ASEAN BODY HAS ASSERTED LEADERSHIP TO PULL TOGETHER THE DIFFUSE ISSUES OF THESE DIALOGUES AND THEY HAVE CONSEQUENTLY BOGGED DOWN. SECRETARIAT OFFICIALS SUGGEST THAT PRESSURE IS NEEDED FROM THE DIALOGUE PARTNERS TO EXPEDITE ASEAN ACTION.

3. TIN SALES AND COPPER PURCHASES (CONFIDENTIAL)

THE PRESIDENT HAS DECIDED TO SUPPORT A BILL SPONSORED BY UDALL AND DE CONCINI CALLING FOR SALES OF TIN AND PERHAPS TUNGSTEN, AND FOR PURCHASES OF COPPER AND PERHAPS ZINC. THE BILL, WHICH SHOULD BE ANNOUNCED SHORTLY, CALLS FOR DISPOSAL OF 45,000 MT OF TIN OVER A ONE TO TWO YEAR PERIOD; THE BULK OF THE PROCEEDS WOULD BE USED TO BUILD UP U.S. COPPER STOCKS. THE U.S. PLANS TO CONSULT WITH TIN PRODUCERS BEFORE MAKING ANY DISPOSALS. TIN PRICES HAVE TRIPLED OVER THE PAST FIVE YEARS. U.S. SALES WILL NOT DISRUPT THE MARKET BECAUSE THERE HAS BEEN A TIN DEFICIT OF ABOUT 40,000 MT IN THE LAST TWO YEARS. LINKING THESE SALES WITH COPPER PURCHASES WILL ENABLE THE U.S. TO FUL-

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 058303

FILL ITS OBJECTIVE OF BUILDING UP COPPER STOCKS.

4. RUBBER NEGOTIATIONS AGREED UPON (LIMITED OFFICIAL USE)

AT THIRD RUBBER PREPCOM, CONSUMING COUNTRIES UNANIMOUSLY AGREED TO JOIN PRODUCERS IN NEGOTIATING AN INTERNATIONAL RUBBER PRICE STABILIZATION AGREEMENT. THE TERMS OF REFERENCE OF THE DECEMBER TASK FORCE MEETING WILL SERVE AS THE BASIS FOR NEGOTIATIONS. A CONSUMER/PRODUCER DRAFTING GROUP WILL MEET IN SEPTEMBER. THE NEGOTIATING CONFERENCE WILL CONVEINE IN LATE OCTOBER OR EARLY NOVEMBER. THE MALAYSIAN MINISTER OF PRIMARY INDUSTRIES TAIB PRAISED THE CONSUMERS' DECISION, ADDING THAT THIS AUGERS WELL FOR ACHIEVING OTHER COMMODITY AGREEMENTS.

5. U.S. STEEL WITHDRAWS COMPLAINT (UNCLASSIFIED)

U.S. STEEL HAS WITHDRAWN ITS \$1.2 BILLION ANTI-DUMPING COMPLAINT CONCERNING CARBON STEEL SHEET, PLATE PIPE AND TUBING AND STRUCTURALS FROM JAPAN. THE WITHDRAWAL IS "WITHOUT PREJUDICE" TO A NEW FILING BY U.S. STEEL IF IT FEELS THAT THE STEEL TRIGGER PRICE MECHANISM IS NOT

SOLVING ANTI-DUMPING PROBLEMS.

6. U.S. PLEDGES INCREASED FOOD AID (UNCLASSIFIED)

AT THE GENEVA INTERNATIONAL WHEAT CONFERENCE, THE U.S. PLEDGED TO COMMIT A MINIMUM 4.47 MILLION MT OF GRAINS ANNUALLY AS ITS SHARE IN THE 10 MILLION MT FOOD AID CONVENTION (FAC) TARGET. THIS PLEDGE REPRESENTS AN INCREASE FROM 1.89 TO 4.47 MILLION MT. IF ALL DONORS EXPAND THEIR PLEDGES ACCORDINGLY, THE NEW FAC TARGET WILL BE REACHED. THE U.S. ALSO CALLED FOR FAC MEMBERS TO INCREASE THEIR CONTRIBUTIONS WHEN LDC PRODUCTION SHORTFALLS CREATE EMERGENCY NEEDS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 058303

7. UNCTAD TDB DEBT MINISTERIAL MEETING (CONFIDENTIAL)

THE U.S. HAS AGREED WITH THE EC TO SUBMIT AT THE APPROPRIATE TIME THEIR JOINT DEBT PROPOSAL WHICH THEY TABLED AT CIEC. THIS PROPOSAL SETS FORTH PROCEDURES FOR HANDLING SEVERE CASES IN WHICH LDCS ARE ON THE BRINK OF DEFAULT AND FOR CALLING CREDITOR MEETINGS TO RESPOND TO MOST SERIOUS DEBT CASES. G-77, HOWEVER, IS NOT EXPECTED TO AGREE TO THIS PROPOSAL BUT INSTEAD IS EXPECTED TO CALL FOR "RETROACTIVE TERMS ADJUSTMENT" OF OUTSTANDING LDC DEBT. THE U.S. DOES NOT RULE OUT SUCH ADJUSTMENT, BUT BELIEVES THIS IS AN AID RATHER THAN DEBT RELIEF MATTER. THE ADMINISTRATION IS PREPARED TO CONSIDER SUPPORTING SECTION 208 OF HUMPHREY BILL WHICH PROPOSES ADJUSTING AID TERMS OF THE POOREST LDCS. THIS WOULD BE EQUIVALENT TO CONVERTING THESE LOANS TO GRANTS. CONGRESSIONAL REACTION TO THIS PROVISION IS MIXED, HOWEVER.

8. CONVOY REPLACES THE LOCOMOTIVE: THE NEW ECONOMIC STRATEGY FOR THE OECD COUNTRIES (CONFIDENTIAL)

THE ECONOMIC POLICY COMMITTEE OF THE OECD AT ITS FEBRUARY 27-28 MEETING COMPLETED A SHIFT TO A SOMEWHAT NEW STRATEGY WHICH CALLS FOR A "CONCERTED EFFORT TOWARDS GREATER ECONOMIC EXPANSION IN THE OECD AREA AS A WHOLE". THE EARLIER STRATEGY WAS FOR THE ECONOMICALLY STRONG COUNTRIES, I.E. THE U.S., JAPAN AND GERMANY TO ACT AS THE ENGINES OF ECONOMIC RECOVERY, WHILE OTHERS WOULD PUT THE EMPHASIS ON ECONOMIC STABILIZATION MEASURES. NOW UNDER THE "CONCERTED EFFORT APPROACH" THE "CONVALESCENT COUNTRIES" ARE JUDGED TO BE IN A POSITION TO INCREASE THEIR ECONOMIC GROWTH. WHILE THERE WAS GENERAL AGREEMENT ON THIS POLICY, THERE WAS DISAGREEMENT ON SEVERAL LEVELS. FIRST, ON WHETHER

CONFIDENTIAL

CONFIDENTIAL

PAGE 05 STATE 058303

THE ECONOMIC FORECASTS AND OBJECTIVES IN THE STRONGER COUNTRIES, IF REALIZED, WOULD BE SUFFICIENT TO FIT INTO A CONCERTED ACTION SCENARIO. SECOND, ON WHETHER CURRENT POLICY ACTIONS WERE SUFFICIENT TO OBTAIN FORECASTED

GROWTH RATES. THIRD, ON HOW NATIONS SHOULD RESPOND TO THE UNCERTAINTY CREATED BY THE RELUCTANCE OF SOME COUNTRIES TO UNDERTAKE FURTHER STIMULATIVE MEASURES.

9. FRAGILE EXCHANGE MARKET CONDITIONS (CONFIDENTIAL)

UNCERTAINTY OVER A U.S. ENERGY PROGRAM, THE COAL STRIKE AND EUROPEAN ECONOMIC PROSPECTS HAS MADE INTERNATIONAL FINANCIAL MARKETS EXTREMELY FRAGILE. ALMOST ANY DEVELOPMENT AFFECTS THE MARKET. POSSIBLE MARGINAL MEASURES ARE UNDER CONSIDERATION, BUT TREASURY BELIEVES UNDERLYING CONDITIONS MUST IMPROVE FOR A STABILIZATION OF THE MARKET. IF CONGRESS FAILS TO ACT SOON ON ENERGY LEGISLATION, THE ADMINISTRATION IS CONSIDERING POSSIBLE EXECUTIVE BRANCH ACTION. THERE IS NO ADMINISTRATION DISPOSITION TO FIX A DOLLAR RATE.

10. APCAC (UNCLASSIFIED)

APCAC HAS WRITTEN THE SENATE FINANCE COMMITTEE AND THE HOUSE WAYS AND MEANS COMMITTEE CALLING ATTENTION TO THE "CRITICAL IMPACT OF U.S. REVISION IN PERSONAL AND CORPORATE TAXATION ON THE CONTINUATION OF A COMPETITIVE AMERICAN PRESENCE IN OVERSEAS MARKETS. VICE PRESIDENT MONDALE IS TENTATIVELY SCHEDULED TO MEET WITH A SMALL GROUP OF APCAC OFFICIALS DURING HIS VISIT TO EAST ASIA. TAX ISSUES WILL LIKELY BE THE FOCUS OF THIS MEETING.

11. TRAVEL (UNCLASSIFIED)

ON MONDAY LAST WEEK I ADDRESSED A SPECIAL LUNCHEON MEETING
CONFIDENTIAL

CONFIDENTIAL

PAGE 06 STATE 058303

IN NEW YORK HELD JOINTLY BY THE PHILIPPINE AMERICAN CHAMBER OF COMMERCE AND THE AMERICAN INDONESIAN CHAMBER OF COMMERCE ON "US AND ASEAN -- BACKGROUND OF THE CURRENT DIALOGUE AND THE ROLE WHICH AMERICAN BUSINESS CAN PLAY." ON TUESDAY I ATTENDED A MEETING OF THE US-JAPAN TRADE FACILITATION COMMITTEE WITH JAPANESE AND AMERICAN BUSINESS EXECUTIVES. THE MEETING, CO-CHAIRLED BY FRANK WEIL AND MINISTER

KAWAHARA OF THE JAPANESE EMBASSY, DISCUSSED HOW TO EXPAND THE EXPORT OF U.S. MANUFACTURED GOODS TO JAPAN. AMERICAN BUSINESSMEN AND REPRESENTATIVES OF THE MAJOR JAPANESE TRADING COMPANIES EXCHANGED VIEWS BUT THERE WAS A LACK OF SPECIFICITY. I ALSO CONFERRED WITH THE CONFERENCE BOARD AND EXPLORED HOW THE BOARD COULD ASSIST WITH TRADE FACILITATION.

THIS WEEK I ADDRESS THE NORTHWEST PACIFIC COMMISSION SPONSORED NORTH AMERICAN SAWMILL AND PLYWOOD CLINIC AND EQUIPMENT SHOW IN PORTLAND, OREGON ON "US RELATIONS WITH SOUTHEAST ASIA". I SHARE THE PLATFORM WITH THE CHIEF MINISTER OF SABAH.

ERLAND IS GETTING BACK SATURDAY EVENING FROM SEA AND JAPAN, JIM SHINN IS MEETING WITH HIM IN JAPAN ON FORECASTING AND TRADE FACILITATION. DON MCCONVILLE IS AT THE ESCAP MEETING AND DAVE STEBBING IS STILL ON THE ROAD VISITING A NUMBER OF EMBASSIES AFTER ATTENDING THE APCAC AND REGIONAL ECONOMIC OFFICERS MEETING. VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE058303
Document Source: CORE
Document Unique ID: 00
Drafter: STAFF:LRR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780103-0558
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780396/aaaaddki.tel
Line Count: 244
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 33b532cc-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY, STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY, STADIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3412873
Secure: OPEN
Status: NATIVE
Subject: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT MARCH 7, 1978
TAGS: EGEN, ECON, XC, XE, XP, US
To: EA POSTS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/33b532cc-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014